

SENATE FISCAL AGENCY
MEMORANDUM



DATE: January 27, 2022
TO: Members of the Senate Appropriations Committee
FROM: Cory Savino, Transfer Coordinator
RE: FY 2021-22 Legislative Transfer Request 2022-1

The Management and Budget Act (Public Act 431 of 1984) provides for two types of transfers: administrative and legislative. **Administrative transfers** allow adjustments for cost and price, certain fund sources, and for court judgments. Administrative transfers go into effect 30 days following the request unless the Senate or the House Appropriations Committee disapproves them. **Legislative transfers** are transfers within departments that are more substantive than the cost and price variations that are allowed under administrative transfers. There are two kinds of legislative transfers: "standard" and "contingency fund". **Standard** legislative transfers shift line-item authorization between existing line items in a department to reflect changes in either expenditures or funding sources, and do not change the total appropriation for the department.

The second kind of legislative transfer is a **contingency fund** transfer which is authorized in the boilerplate of individual departments' annual appropriation bills. A contingency fund transfer moves authorization from the boilerplate section of an appropriation bill to the line-item section in Part 1 of the bill to recognize additional Federal, private, local, or State restricted revenue that has become available since the initial enactment of the budget. Contingency fund transfers increase the total appropriation for a department. The total amount of contingency fund transfers is capped in the boilerplate at a specific amount for each fund source, and the funds cannot be expended until additional funds are actually available and have been transferred to a Part 1 line-item using the legislative transfer process created under Section 393(2) of the Management and Budget Act.

You should have received **Legislative Transfer Request 2022-1** dated January 25, 2022, from the State Budget Office. The requested transfers will require approval of identical amounts by both the House and Senate Appropriations Committees before taking effect. The transfer request would affect the following budget area:

<u>Department/Budget Area</u>	<u>Amount</u>	<u>Fiscal Analyst</u>
Labor and Economic Opportunity	666,100,000	Josh Sefton
Total	\$666,100,000	

The Senate Fiscal Agency analysis of the January 25, 2022, transfer request is attached. These transfers will be discussed at a future Senate Appropriations Committee meeting.

If you have questions on the transfers, please contact the fiscal analyst assigned to the budget area, or you may contact me at 373-2768.

/nlf

Attachment

c: Scott Jones, Senate Appropriations Committee Clerk
Tom Davis, Senate Majority Policy Office
David Ettinger, Senate Democratic Staff Office
Viola Wild, House Fiscal Agency



FY 2021-22 LEGISLATIVE TRANSFER PACKAGE

Department/Budget Area	FY 2021-22					Page Number
	Year-to-Date Gross Appropriation	Contingency Transfer Amount	Standard Transfer Amount	Total Transfer Amount		
Labor and Economic Opportunity	\$3,250,153,600	\$666,100,000	\$0	\$666,100,000		1
Total	\$3,250,153,600	\$666,100,000	\$0	\$666,100,000		

Year-to-Date (YTD) Gross Appropriation Total represents all department budgets.

FY 2021-22 CONTINGENCY TRANSFER FUND SOURCES

Department/Budget Area	Inter-Departmental Grants	Federal	Local/Private	State Restricted	Total Contingency Transfer Amount	Percent Increase of Y-T-D Gross
Labor and Economic Opportunity	\$0	\$0	\$0	\$666,100,000	\$666,100,000	20.49%
Total	\$0	\$0	\$0	\$666,100,000	\$666,100,000	20.49%

YTD as of January 25, 2022

State Budget Office Request 2022-1, January 25, 2022

LEGISLATIVE TRANSFER

S.B.O. REQUEST NO: 2022-1

BUDGET AREA: LABOR AND ECONOMIC OPPORTUNITY

FISCAL YEAR: 2021-22

TRANSFER ITEMS		Y-T-D GROSS APPROP.	TRANSFER AMOUNT		
			GOV.'S REC.	SENATE ACTION	HOUSE ACTION
TOTAL TRANSFER REQUEST: \$ 666,100,000					
FROM:	BOILERPLATE APPROPRIATIONS				
	Contingency funds	1,005,000,000	(666,100,000)		
	State restricted contingency revenues	1,005,000,000	(666,100,000)		
TO:	ONE-TIME APPROPRIATIONS				
	Critical industry program	100	600,000,000		
	Strategic outreach and attraction reserve fund	100	600,000,000		
	Michigan strategic site readiness program	100	66,100,000		
	Strategic outreach and attraction reserve fund	100	66,100,000		

This transfer would provide \$666.1 million in State restricted contingency authorization to the Critical Industry Program (CIP) and Michigan Strategic Site Readiness Program (MSSRP) pursuant to Sec. 301 of PA 132 of 2021. Funds would be transferred into the Critical Industry Program (\$600.0 million) and the Michigan Strategic Site Readiness Program (\$66.1 million) in support of an investment project involving General Motors LLC, Ultium Cells LLC, and the Lansing Economic Area Partnership (LEAP). Revenue to support this transfer is available in the Strategic Outreach and Attraction Reserve (SOAR) Fund, created in PA 137 of 2021, and capitalized with \$1.0 billion GF/GP in PA 132 of 2021. This transfer complies with the statutory requirements for the use and expenditure of the SOAR Fund in its enacting legislation.

The Michigan Strategic Fund Board approved performance-based incentives for the aforementioned project on January 25, 2022. The project is part of an effort to secure up to \$6.5 billion investment in Michigan by General Motors and LG Energy Solution. The \$600.0 million transfer to the CIP and other incentives will support a General Motors site expansion to increase electric vehicle manufacturing capacity in Orion Township, Oakland County, and Ultium Cells construction of a new high volume battery cell manufacturing facility in the City of Lansing. The \$66.1 million transfer to the MSSRP will support infrastructure investments coordinated by LEAP, including electrical, water, sewer and wastewater upgrades, for the new Lansing facility.